

Message Text

UNCLASSIFIED

PAGE 01 HALIFA 00039 01 OF 02 251516Z

ACTION EB-08

INFO OCT-02 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00

COME-00 DODE-00 DOE-11 H-02 INR-07 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-05 USIA-15 OES-07 SP-02

SS-15 STR-06 TRSE-00 ACDA-12 PA-02 PRS-01 /128 W

-----004964 251719Z /64

R 251230Z JAN 78

FM AMCONSUL HALIFAX

TO SECSTATE WASHDC 2003 PRIORITY

INFO AMEMBASSY OTTAWA

UNCLAS SECTION 1 OF 2 HALIFAX 0039

E O 11652: N/A

TAGS: ENRG CA

SUBJECT: ENERGY: THE BORN-AGAIN CORPORATION

BEGIN SUMMARY: FEDERAL ENERGY MINISTER ALASTAIR GILLESPIE AND THE PREMIERS OF THE THREE MARITIME PROVINCES MET IN HALIFAX JAN 23 AND ANNOUNCED THEIR COMMITMENT TO START UP THE MARITIME ENERGY CORPORATION (MEC) WITH AN INITIAL FUNDING OF DOLS 10 MILLION, HALF OF WHICH WOULD BE SUPPLIED BY OTTAWA AND HALF BY THE PROVINCES. (THIS SAME 50/50 RATIO WOULD BE MAINTAINED AS THE FEDERAL/ PROVINCIAL EQUITY RATIO IN MEC.) MEC WILL BE THE VEHICLE FOR DEVELOPING LARGE JOINT PROJECTS SUCH AS FUNDY TIDAL POWER AS WELL AS PERFORMING SERVICES FOR PROVINCIAL UTILITY COMPANIES.

NB'S RELATIVELY FAVORABLE ENERGY POSITION HAS CAUSED TENSION BETWEEN THAT PROVINCE AND THE OTHER TWO MARITIME PROVINCES. THUS, ALTHOUGH THE FEDERAL GOVT'S INITIATIVE IN AUTUMN 1976 TO ESTABLISH THE MEC WAS DISCUSSED SEVERAL TIMES DURING 1977 BY THE COUNCIL OF MARITIME PREMIERS, INTERPROVINCIAL DISAGREEMENTS MORE THAN ONCE SEEMED TO HAVE DOOMED THE ORGANIZATION.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 HALIFA 00039 01 OF 02 251516Z

IT WAS, HOWEVER, AN IDEA THAT SEEMED UNABLE TO STAY DEAD AND WAS REPEATEDLY BORN AGAIN. WITH FEDERAL FUNDS NOW COMMITTED, IT HAS ONCE AGAIN REVIVED. DISAGREEMENTS REMAIN, HOWEVER, AS WELL AS PROVINCIAL RIGHTS TO ENERGY SELF-DETERMINATION. FEDERAL HOPES FOR MEC, THEREFORE, MAY BE OVER-OPTIMISTIC. END SUMMARY.

&

1. MEETING IN HALIFAX ON JAN 23, THE PREMIERS OF CANADA'S THREE MARITIME PROVINCES AND FEDERAL ENERGY MINISTER ALASTAIR GILLESPIE ANNOUNCED A DOLS 10 MILLION START-UP FUND FOR THE MARITIME ENERGY CORPORATION (MEC). GILLESPIE PLEDGED PAYMENT OF HALF THE FUND ON BEHALF OF THE FEDERAL GOVT. THE REMAINDER IS TO BE SUPPLIED BY THE THREE PROVINCIAL GOVTS IN A RATIO THAT HAS YET TO BE DECIDED. MEC WILL BE THE VEHICLE THRU WHICH THE MARITIME GOVTS AND THE FEDERAL GOVT MAY WORK TOGETHER ON SUCH MASSIVE JOINT PROJECTS AS FUNDY TIDAY POWER. IT WILL ALSO ENGAGE IN RESEARCH AND DEVELOPMENT AND IN ENERGY CONSERVATION AND LOAD MANAGEMENT PROJECTS ON BEHALF OF POWER UTILITIES IN THE MARITIMES.

2. FIRST PROJECT OF MEC WILL BE THE PHASE TWO DESIGN AND ENGINEERING STUDY OF A FUNDY TIDAL POWER SCHEME, ASSUMING THE PHASE ONE ECONOMIC STUDY (DUE O/A MAR 1) WILL BE FAVORABLE. MED'S START-UP FUND, HOWEVER, WILL NOT FINANCE THE PHASE TWO STUDY WHICH MAY REQUIRE AN ADDITIONAL DOLS 30 MILLION FROM THE FEDERAL AND PROVINCIAL PARTNERS. (SEPTEL ON FUNDY TIDAL POWER IS IN COURSE OF PREPARATION.)

3. COMMENT: NO ISSUE IN ATLANTIC CANADA (THE THREE MARITIME PROVINCES PLUS NEWFOUNDLAND) IS MORE CONTENTIOUS
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 HALIFA 00039 01 OF 02 251516Z

THAN THAT OF ENERGY. WHEN THEY ARE NOT BICKERING WITH OTTAWA, THE PROVINCES BICKER AMONG THEMSELVES. IN THE MARITIMES THERE IS ONE "HAVE" PROVINCE, NEW BRUNSWICK, AND TWO "HAVE NOT" PROVINCES, NOVA SCOTIA AND PRINCE EDWARD ISLAND. NB GENERALLY TAKES THE POSITION THAT IT IS A "HAVE" PROVINCE BECAUSE OF ITS PAST PRUDENCE AND FAR-SIGHTEDNESS IN DEVELOPINV AN ELECTRIC POWER GENERATING INFRASTRUCTURE WITH A MIX OF FACILITIES-- NUCLEAR, HYDRO, AND THERMAL--WHICH GIVES IT AMPLE CAPACITY, COST-SAVING POSSIBILITIES, AND OPERATING FLEXIBILITY.

4. NS AND PEI DEMUR. THEY SEE NB'S FAVORABLE ENERGY POSITION AS HAVING BEEN ARRIVED AT THRU ACCIDENTS OF GEOGRAPHY, TOPOGRAPHY, AND HISTORY, WITH AN ADMIXTURE OF SERENDIPITY (AKA DUMB LUCK). THE CROWNING IRONY, FROM NS'S POINT OF VIEW AT ANY RATE, WAS MAKING

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 HALIFA 00039 02 OF 02 251646Z
ACTION EB-08

INFO OCT-02 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 DOE-11 H-02 INR-07 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-05 USIA-15 OES-07 SP-02
SS-15 STR-06 TRSE-00 ACDA-12 PA-02 PRS-01 /128 W
-----007429 251719Z /64

P 241230Z JAN
FM AMCONSUL HALIFAX
TO SECSTATE WASHDC PRIORITY 2004
INFO AMEMBASSY OTTAWA

UNCLAS SECTION 2 OF 2 HALIFAX 0039

ENERGY-RICH NB EVEN RICHER BY AUTHORIZING THE
CONSTRUCTION OF TENNECO'S LNG REGASIFICATION AND
PIPELINE TERMINUS AT LORNEVILLE, NEAR SAINT JOHN,
RATHER THAN IN NS AT THE STRAIT OF CANSO. ALTHOUGH
THERE ARE NOT AT THIS TIME ANY DEFINITE PLANS TO
UTILIZE ANY OF THE IMPORTED LNG WITHIN CANADA, IT IS
ENTIRELY POSSIBLE THAT A DECISION MAY BE MADE TO
BUILD GAS TRANSMISSION AND DISTRIBUTION NETWORKS
WITHIN THE MARITIMES. IF THIS HAPPENS, NB WILL
PROBABLY BENEFIT FIRST AND WILL PROBABLY, BECAUSE OF
ITS LOCATION, BE ABLE TO DISTRIBUTE GAS TO ITS OWN
CITIZENS CHEAPER THAN NS AND PEI CAN TO THEIRS.

5. NOWHERE ARE THE EXISTING ENERGY TENSIONS AMONG
THE MARITIME PROVINCES MORE APPARENT THAN IN THE
FORUM PROVIDED BY THE COUNCIL OF MARITIME PREMIERS
WHEN THEY DISCUSS THE MEC. THE COUNCIL HAS DISCUSSED
IT SEVERAL TIMES SINCE THE IDEA OF THE MEC WAS FIRST
ADVOCATED BY THE FEDERAL GOVT IN THE AUTUMN OF 1976. OTTAWA SAW
SUCH AN ORGANIZATION AS A MEANS OF RATIONALIZING THE
ENERGY SITUATION WITHIN THE MARITIMES. IT WOULD ALSO
PERMIT OTTAWA TO DEAL WITH A SINGLE BODY RATHER THAN WITH
THREE SEPARATE PROVINCIAL AGENCIES. BUT WHAT
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 HALIFA 00039 02 OF 02 251646Z

OTTAWA MUST REALIZE (BUT MAY PREFER TO IGNORE) IS THAT
EXISTING ENERGY RIVALRIES AND FEELINGS OF BITTERNESS
AMONG THE MARITIME PROVINCES RUN SO DEEP THAT THE MEC
HAS MORE THAN ONCE SEEMED DEAD DURING THE PAST YEAR.

THE CONCEPT OF THE MEC IS SO COMPELLING, OF COURSE, THAT EACH TIME THE IDEA DIES, IT IS SHORTLY THEREAFTER REBORN AMID PLEDGES ON ALL SIDES THAT A NEW EFFORT WILL BE MADE BY ALL PARTIES TO WORK AND PLAN TOGETHER AMICABLY.

6. NOW AT LAST THERE IS A COMMITMENT FOR SOME UP-FRONT FEDERAL MONEY, AND THE MEC LIVES AGAIN. DOES THIS MEAN AN END TO INTERPROVINCIAL TENSIONS? NOT BLOODY LIKELY. DECISIONS MUST YET BE MADE ON WHERE THE NEW ORGANIZATION WILL BE HEADQUARTERED AS WELL AS HOW AND BY WHOM IT WILL BE STAFFED. MOREOVER, EACH PROVINCE RETAINS SELF-DETERMINATION RIGHTS IN THE AREA OF ENERGY DEVELOPMENT AND CAN GO IT ALONE ON ANY PET PROJECT. ANY MEC PROJECT CAN BE UNDERTAKEN ONLY WITH THE UNANIMOUS APPROVAL OF ALL FOUR MEC PARTNERS.

7. WHAT, THEN, CAN THE FEDERAL GOVT HOPE FOR FROM THE MEC? IF NOTHING ELSE, IT CAN HOPE FOR A BROADER VISION AND A MORE UNIFIED VOICE ON REGIONAL ENERGY PROBLEMS AND DEVELOPMENT. THE MUCH-HARASSED MR. GILLESPIE SAID, "WE EXPECT...A CERTAIN DISCIPLINE FROM MEC." HE SHOULD BE SO LUCKY. END COMMENT.

8. DRAFTER: JHMOORE
MOORE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, JOINT VENTURES
Control Number: n/a
Copy: SINGLE
Draft Date: 25 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978HALIFA00039
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780037-0592
Format: TEL
From: HALIFAX
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780125/aaaaauzu.tel
Line Count: 195
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 03d1a1e0-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3718407
Secure: OPEN
Status: NATIVE
Subject: ENERGY: THE BORN-AGAIN CORPORATION BEGIN SUMMARY: FEDERAL ENERGY MINISTER ALASTAIR GILLESPIE AND THE PREMIERS OF THE THREE MARITIME PROVINCES M
TAGS: ENRG, EWWT, CA
To: STATE
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/03d1a1e0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014